FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

NRN *STOCK INDEX*

Source: Media General Financial Services

Oct. 28, 1983 = 100

NRN *STOCK INDEX VS. DOW JONES INDEX*

Company and Market	Stock Market: Price: 12-21-84 Close	Weekly Change: Amt.	Weekly Change: Pct.	Weekly Range: High	Weekly Range: Low	52-Week Range: High	52-Week Range: Low	Volume: Weekly Shares Traded: Total	Volume: Weekly Shares Traded: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume: Volume Trend	Financial Update: P/E Ratio	Indicated Divd. Rate: Amt.	Indicated Divd. Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue: Amt.	Latest Quarter: Revenue: Chg.	Latest Quarter: Net Income: Amt.	Latest Quarter: Net Income: Chg.	Latest Quarter: E.P.S.: Amt.	Latest Quarter: E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Year-to-Date: Revenue: Chg.	Year-to-Date: Net Income: Amt.	Year-to-Date: Net Income: Chg.	Year-to-Date: E.P.S.: Amt.	Year-to-Date: E.P.S.: Chg.
	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$MM	%	$MM	%	$	%	$MM	%	$MM	%	$	%
Old Fashion Fd O	4.75	.13	2.7	5.50	4.63	7.25	4.63	57	.41	.36	13.9	8.6	.00	.0	—	3 mos.	06-84	3.3	37.5	.2	.0	.13	- 13.3	3.3	37.5	.2	.0	.13	- 13.3
Pancho Mex Buffet M	7.25	.13	1.8	7.38	7.13	8.00	5.88	357	1.26	.67	88.1	13.2	.13	1.8	—	fiscal	09-84	8.8	22.2	.5	.0	.19	11.8	31.6	25.9	1.5	25.0	.55	27.9
Peoples Rest M	44	- .06	- 12.5	0.50	0.44	8.13	.38	4,122	4.80	7.17	- 33.1	NE	.00	.0	—	fiscal	06-84	NC	NC	(27.6)	- 100.0	(3.30)	- 100.0	30.6	12.1	(29.6)	- 100.0	(3.54)	- 100.0
Piccadilly Caf M	18.88	2.13	12.7	18.88	16.50	24.25	13.13	890	1.47	1.07	37.4	11.7	.60	3.2	—	3 mos.	09-84	46.4	13.7	2.7	92.9	.45	95.7	46.4	13.7	2.7	92.9	.45	95.7
Pizza Inn A	7.38	.25	3.5	7.50	7.00	14.50	6.88	757	2.49	1.21	105.8	7.2	.08	1.1	—	9 mos.	09-84	48.6	24.6	.6	- 33.3	.20	- 33.3	135.6	21.7	2.5	- 13.8	.81	- 12.9
Po-Folks M	10.38	.88	9.2	10.38	9.38	16.63	8.75	655	1.48	1.01	46.5	13.8	.00	.0	—	fiscal	09-84	31.3	46.9	1.0	150.0	.23	109.1	107.1	53.4	3.3	153.8	.75	102.7
Ponderosa Sys N	12.13	.00	.0	12.50	12.00	24.88	11.50	4,061	4.23	4.22	.2	7.1	.40	3.3	—	9 mos.	11-84	122.8	33.8	2.3	109.1	.22	69.2	366.8	32.0	11.5	32.2	1.28	18.5
Primo Inc O	2.88	- .50	- 14.8	3.38	2.88	7.00	2.38	1,302	4.71	1.70	177.1	26.1	.00	.0	—	6 mos.	03-84	1.0	NC	.1	NC	.03	NC	2.0	NC	.2	NC	.06	NC
Rax Restaurants M	10.75	.75	7.5	11.00	9.75	18.75	8.75	1,026	1.84	1.30	41.5	17.1	.00	.0	—	3 mos.	10-83	19.0	32.9	1.4	100.0	.23	35.3	19.0	32.9	1.4	100.0	.23	35.3
Rest Assoc A	5.88	- .63	- 9.6	6.63	5.88	9.50	5.63	462	1.65	.98	68.4	8.3	.00	.0	—	9 mos.	09-84	35.0	- 4.1	.4	- 33.3	.14	- 39.1	97.8	- 7.3	1.0	- 23.1	.35	- 30.0
Restaurant Sys M	12.00	.25	2.1	12.25	11.75	14.25	9.00	312	1.35	.61	121.3	14.1	.00	.0	—	9 mos.	09-84	8.6	17.8	.6	50.0	.25	25.0	27.9	26.2	1.6	60.0	.68	23.6
Ritzys G D M	2.00	.00	.0	2.25	1.88	9.00	1.88	1,067	2.06	1.17	76.1	NE	.00	.0	—	9 mos.	09-84	4.4	NC	(.5)	NC	(.11)	NC	10.6	NC	(1.6)	NC	(.31)	NC
Rusty Pelican M	13.75	- 1.00	- 6.8	14.13	12.75	18.25	11.38	1,969	7.17	3.76	90.7	16.2	.00	.0	—	fiscal	07-84	11.9	101.7	.7	600.0	.32	220.0	36.5	35.7	1.8	100.0	.85	60.4
Ryans Fam Steak M	18.50	.00	.0	18.75	18.00	23.75	15.50	619	1.44	1.96	- 26.5	26.8	.00	.0	—	9 mos.	09-84	7.8	39.3	.7	40.0	.17	30.8	22.7	62.1	2.3	64.3	.53	47.2
Saga Corp N	32.38	.88	2.8	32.88	31.75	35.50	24.63	872	.67	1.04	- 35.6	13.1	.44	1.4	—	3 mos.	09-84	271.6	14.9	5.7	32.6	.42	20.0	271.6	14.9	5.7	32.6	.42	20.0
Sandwich Chef M	7.25	.00	.0	7.75	7.25	11.75	6.75	58	.45	.66	- 31.8	12.5	.00	.0	—	3 mos.	09-84	6.9	13.1	.2	.0	.16	23.1	6.9	13.1	.2	.0	.16	23.1
Sea Galley M	7.63	.00	.0	7.75	7.63	11.00	7.13	365	.93	2.71	- 65.7	5.4	.00	.0		9 mos.	09-84	15.7	- 14.2	3.0	900.0	.76	1420.0	48.3	- 11.9	5.3	657.1	1.35	694.1
Shoney's Inc M	32.00	2.63	8.9	32.00	29.50	35.13	20.00	1,654	.80	.97	- 17.5	23.2	.16	.5	—	9 mos.	07-84	117.8	24.9	8.2	26.2	.39	25.8	360.0	22.4	21.9	28.1	1.06	24.7
Shoney's South M	13.25	.50	3.9	13.25	12.75	16.59	11.00	373	.66	.66	.0	11.2	.00	.0	—	9 mos.	09-84	40.1	14.2	1.8	12.5	.32	18.5	127.3	17.2	5.8	48.7	1.00	23.5
SIS Cp M	4.25	.50	13.3	4.25	3.25	9.25	3.25	422	2.72	.63	331.7	30.4	.00	.0	—	fiscal	12-83	1.5	114.3	.0	NC	.01	.0	4.5	87.5	.2	NC	.14	1300.0
Sizzler Rest Intl M	15.00	1.00	7.1	15.25	13.75	18.75	8.75	696	1.02	.50	104.0	12.0	.00	.0	—	3 mos.	07-84	40.0	11.7	2.5	25.0	.37	27.6	40.0	11.7	2.5	25.0	.37	27.6
Skippers M	10.00	.00	.0	10.13	10.00	11.25	8.00	338	1.24	.92	34.8	12.2	.06	.6	—	9 mos.	09-84	14.5	20.8	.5	25.0	.18	20.0	42.3	23.7	1.6	14.3	.80	1.7
So Hospitality M	4.13	- .50	- 10.8	4.50	4.13	5.13	3.75	325	.68	1.36	- 50.0	12.1	.00	.0	—	3 mos.	06-84	10.7	33.8	.4	33.3	.08	14.3	10.7	33.8	.4	33.3	.08	14.3
Taco Viva M	8.50	.75	9.7	8.50	7.75	9.75	7.00	146	.64	.63	1.6	20.2	.00	.0	—	3 mos.	06-84	6.6	94.1	.3	50.0	.14	16.7	6.6	94.1	.3	50.0	.14	16.7
TGI Friday's N	8.50	.50	6.3	9.63	7.88	15.88	7.88	1,212	1.06	.94	12.8	14.4	.00	.0	—	9 mos.	09-84	72.9	15.2	2.2	- 37.1	.13	- 40.9	209.4	20.0	8.7	.0	.48	- 11.1
TGIF Texas O	2.25	.00	.0	2.75	2.25	5.63	2.25	14	.09	.23	- 60.9	NE	.00	.0	—	3 mos.	03-84	2.6	NC	(.1)	NC	(.07)	NC	2.6	NC	(.1)	NC	(.07)	NC
Transworld N	30.25	.25	.8	31.38	29.75	33.53	23.63	6,435	2.29	3.16	- 27.5	4.3	.40	1.3	—	9 mos.	09-84	511.4	4.2	36.0	64.3	1.12	143.5	1479.1	7.1	85.5	89.6	2.39	NE
USACafes M	3.88	.25	6.9	4.00	3.50	5.00	2.75	172	.34	.26	30.8	NA	.00	.0	—		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vicorp Restaurants M	16.25	1.88	13.0	16.50	14.25	21.63	13.25	2,974	4.48	2.22	101.8	13.7	.12	.7	—	9 mos.	07-84	67.7	127.9	2.7	68.8	.41	57.7	155.1	167.4	5.8	100.0	.87	64.2
Victoria Stations M	2.75	- .38	- 12.0	2.88	2.13	8.00	2.13	3,877	10.96	9.12	20.2	NE	.00	.0		6 mos.	09-84	22.2	- 3.5	(1.7)	NE	(.47)	NE	45.9	- 3.6	(2.5)	NE	(.70)	NE
Wendys Intl N	17.25	.13	.7	18.25	17.00	20.50	13.13	8,001	1.47	1.21	21.5	14.4	.28	1.6	—	9 mos.	09-84	249.0	31.1	18.8	16.8	.34	13.3	694.9	34.1	51.1	26.5	.93	25.7
Wstn Steer O	10.00	.00	.0	11.00	10.00	12.00	9.00	73	.60	.45	33.3	10.9	.20	2.0	—	6 mos.	06-84	10.3	30.4	.1	- 66.7	.07	- 65.0	19.8	26.1	.4	- 20.0	.33	- 23.3
Winners Cp N	6.88	.88	14.6	6.88	5.88	15.88	5.13	625	1.43	2.73	- 47.6	14.0	.00	.0	—	9 mos.	09-84	27.3	14.2	.2	- 75.0	.05	- 72.2	79.7	26.5	1.3	- 35.0	.30	- 31.8
Hotels, Motels, and Casinos																													
Am Motor Inns A	21.25	.00	.0	21.25	21.25	21.75	12.50	24	.02	.10	- 80.0	13.4	.16	.8	—	fiscal	07-84	52.8	17.1	5.9	25.5	.51	- 38.6	201.1	23.8	18.4	32.4	1.59	- 36.9
Brock Hotel Cp N	3.00	.00	.0	3.13	2.88	7.50	2.63	2,184	1.66	1.63	1.8	NE	.10	3.3	—	9 mos.	09-84	60.0	- 26.7	(25.6)	NE	(1.96)	NE	211.0	- 10.6	(29.4)	NE	(2.00)	NE
Hilton Hotels N	56.75	1.63	2.9	58.00	55.25	58.00	45.50	6,071	2.32	1.07	116.8	22.7	1.80	3.2	—	9 mos.	09-84	205.4	24.4	24.3	- 45.8	.93	- 44.3	504.9	3.1	68.0	- 22.3	2.56	- 21.5
Holiday Inns N	41.63	1.13	2.8	42.13	40.38	51.75	35.25	5,365	1.50	1.74	- 13.8	12.2	.90	2.2	—	9 mos.	09-84	473.9	6.2	49.7	4.2	1.37	9.6	1328.9	11.5	110.4	1.3	3.00	4.9
Prime Mtr Inn N	23.50	.38	1.6	24.88	23.00	25.50	16.00	1,506	1.04	.51	103.9	19.6	.12	.5	—	fiscal	06-84	22.1	29.2	4.6	27.8	.32	18.5	72.5	45.0	17.3	36.2	1.20	21.2
Ramada Inns N	5.75	.13	2.2	6.00	5.63	11.00	5.13	5,855	1.57	1.77	- 11.3	19.2	.00	.0	—	9 mos.	09-84	156.3	- 3.5	6.0	- 65.5	.16	- 67.3	448.0	2.3	6.8	74.4	.18	1700.0
Servico Inc M	16.75	- .50	- 2.9	18.00	16.75	24.50	13.50	853	2.73	.57	378.9	11.5	.00a	.0	—	6 mos.	06-84	47.3	21.3	1.9	- 9.5	.60	- 11.8	90.2	24.8	2.8	47.4	.89	43.5
Sonesta Intl O	19.50	.00	.0	21.50	19.50	19.50	16.50	0	.00	.03	- 100.0	NE	.40	2.1	—	6 mos.	06-84	24.0	12.1	2.1	- 4.5	1.38	.7	39.5	9.1	.0	- 100.0	(.03)	- 100.0
Other Companies with Food-Service Operations																													
Allegheny Bev M	17.00	.00	.0	17.50	16.75	20.00	13.50	592	.99	1.93	- 48.7	11.2	.80	4.7	—	9 mos.	09-84	167.3	27.2	2.4	- 11.1	.38	- 9.5	486.1	23.2	7.1	- 12.3	1.10	- 12.0
Ch Full O Nut N	8.00	.00	.0	8.00	7.75	14.56	7.75	300	.65	.73	- 11.0	88.9	.48	6.0	—	fiscal	09-84	30.5	10.1	(.9)	- 100.0	(.19)	- 100.0	117.4	5.2	.4	- 91.1	.09	- 89.7
Disney, Walt N	60.50	2.00	3.4	60.88	58.13	68.50	45.25	17,472	5.18	3.66	41.5	22.2	1.20	2.0	—	fiscal	09-84	463.2	27.6	12.1	- 50.6	.38	- 45.7	1656.0	26.7	97.8	4.9	2.73	1.1
Esteban Foods O	1.25	.00	.0	1.38	1.25	4.13	1.25	224	.96	1.35	- 28.9	NM	.00	.0	—	9 mos.	09-84	3.5	34.6	.0	NC	.02	.0	9.8	25.6	(.1)	- 100.0	(.02)	- 100.0
Gen Mills N	50.75	- .13	- .2	53.88	50.25	60.00	41.63	8,757	1.93	1.09	77.1	10.9	2.24	4.4	—	3 mos.	06-84	1386.4	.6	54.1	- 25.4	1.20	- 21.1	1386.4	.6	54.1	- 25.4	1.20	- 21.1
Horn & Hardart A	9.88	- .13	- 1.3	10.13	9.50	21.19	8.63	2,588	2.09	1.54	35.7	11.5	.00a	.0	—	9 mos.	09-84	85.8	6.6	.5	- 87.8	.00	- 100.0	265.9	11.1	6.6	- 27.5	.49	- 31.9
Ogden Corp N	27.88	.25	.9	28.25	27.38	30.50	24.13	1,277	.67	.96	- 30.2	12.7	1.80b	6.5	—	9 mos.	09-84	512.8	23.7	8.2	- 44.6	.46	- 38.7	1612.4	26.5	31.4	- 23.0	1.63	- 21.3
PepsiCo Inc N	41.75	.00	.0	43.25	41.25	45.75	34.50	8,059	.86	1.06	- 18.9	12.2	1.68	4.0	—	9 mos.	09-84	1934.3	8.0	108.6	14.2	1.14	14.0	5425.9	13.3	247.6	19.7	2.61	19.2
Pillsbury Co N	41.00	- 2.25	- 5.2	45.75	41.00	45.75	33.00	4,252	.98	.70	40.0	10.2	1.56	3.8	—	3 mos.	06-84	1023.5	10.1	38.9	11.8	.90	12.5	1023.5	10.1	38.9	11.8	.90	12.5
Vie de France M	11.88	.00	.0	12.13	11.50	15.25	10.50	902	.83	.56	48.2	20.1	.23	1.9	—	3 mos.	09-84	14.2	19.3	1.4	16.7	.13	8.3	14.2	19.3	1.4	16.7	.13	8.3

Reporting Period

3 mos. - First quarter of fiscal year
6 mos. - First six months of fiscal year
9 mos. - First nine months of fiscal year
fiscal - Fiscal year
NEW - New report since last issue

General Field Footnotes

NA - Not available or not applicable.
NC - Data required for calculation currently incomplete in our files.
NE - Negative earnings invalidate calculations.
NM - No meaningful figure.
a - Under dividend amount, an 'a' indicates a stock dividend.
b - Indicates cash plus stock dividend when applied to dividend amount column.

Market

N - New York Stock Exchange
A - American Stock Exchange
O - NASDAQ Over-the-Counter
M - NASDAQ National Market

Data and Table Provided by Media General Financial Services, Inc., Richmond, Virginia 23219

C5150-1

'85 state legislative preview: Drunk driving tops agendas
—Focus/F5-8

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Nation's Restaurant News®

The Weekly Newspaper of the Food-Service Industry

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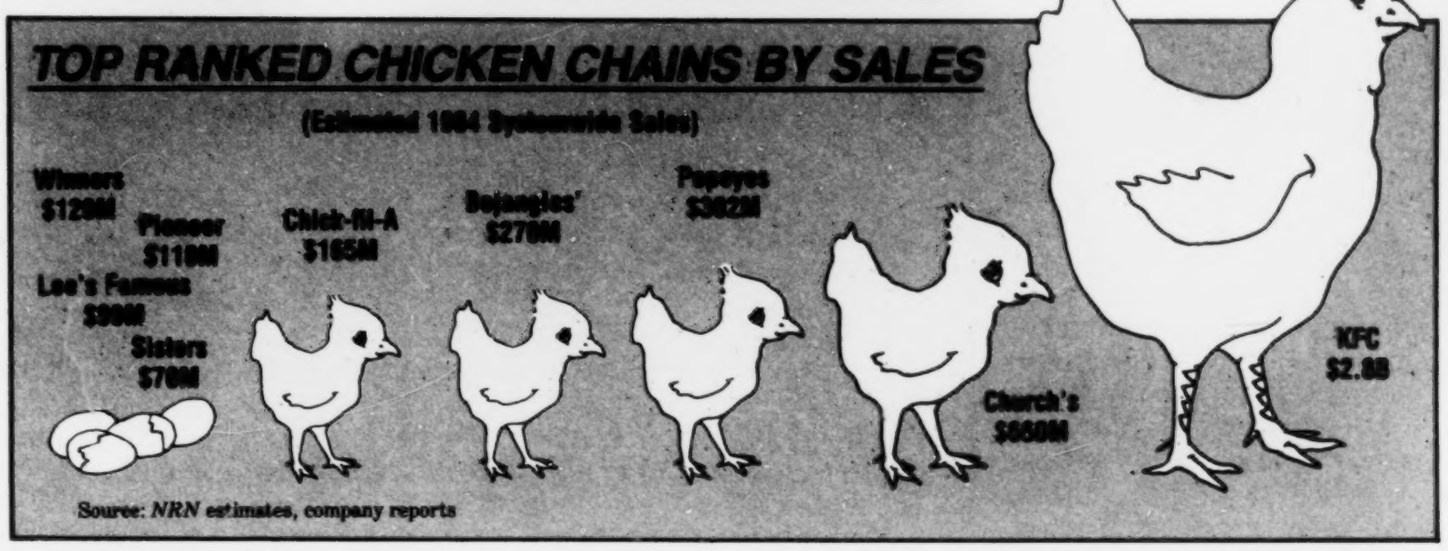
'Chicken war' escalates

Cross-segment competition hits younger chains



By Joe Edwards

The fast-rising popularity of chicken has not translated into instant riches for the once-hot flock of upstart chicken chains that emerged in the late 1970's and early 1980's, but it has added a new source of stiff competition from outside the segment—particularly from burger chains.

Sales of Chicken McNuggets, McDonald's shrewdly marketed finger food, hit $1 billion in 1984—more than the combined systemwide sales of Church's and Popeyes, the second- and third-largest fast-food chicken chains, respectively. Wendy's is spending $15 million to advertise its new boneless breast chicken sandwich, and numerous other chains have added chicken products.

These moves "are eating into our traditional sales, but increased public awareness of chicken generated by all their advertising helps us," said Don Perry, spokesman for the 305-unit Chick-fil-A chain.

M. V. Hussung Jr., president and chief executive of Winners Corp., blamed a falloff in unit sales at Mrs. Winners Chicken & Biscuits, one of the newer chains, on stepped-up competition from outside the segment. "Nearly all competitors [are] now of-

*(See **CHICKEN**, page 59)*

Smith, Boppell ousted

Problems haunt new leadership at Diversifoods

By Don Jeffrey

ITASCA, Ill. — Diversifoods has forced the resignations of Donald N. Smith as corporate president and chief executive and Charles L. Boppell as chief executive of its ailing Godfather's Pizza division.

In moves that were not unexpected, the board asked Smith to resign at a meeting Jan. 3 in Jefferson, La., far from the troubled multiconcept company's Chicago area headquarters, and disclosed four days later that Boppell had also been edged out.

Smith

John Creed, president and chief executive of the profit-

*(See **SMITH**, page 59)*

Carlson links Friday's growth to hotels

By Peter Romeo

MINNEAPOLIS — Carlson Cos. plans significant expansion of its T.G.I. Friday's and Radisson Hotel chains this year, in part by developing them in tandem for the first time ever, according to company officials.

At the same time the company expects the strategy adopted for its Country Kitchens International to pay off handsomely this year, boosting per-unit sales by 8.3%, to $650,000.

Through renovation and menu expansion programs launched 1½ years ago, Country Kitchens revenues and customer counts are already up 10.4% and 6.6%, respectively, Carlson Hospitality Group president Juergen Bartels said.

"That represents a real turnaround for Country Kitchens. Spirits have dramatically changed within that organization," he noted.

"We have arrested the decline of our store count," he said. "We plan to add 40 franchises in 1985," and to terminate about half that number, for a net gain of 23 outlets.

Bartels also plans to accelerate the renovation of the family-restaurant chain. So far, 88 of Country Kitchens' 254 units have been revamped, at a minimum cost of $125,000 per store.

*(See **CARLSON**, page 11)*

INSIDE NRN

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Rax hunts for a president

Ross says move is 'logical' next step for growth

By D. M. Levine

COLUMBUS, Ohio — Rax Restaurants, hit by a falloff in sales attributed to a softness in the fast-food market, is planning to strengthen its management team with the addition of a president, possibly within two months.

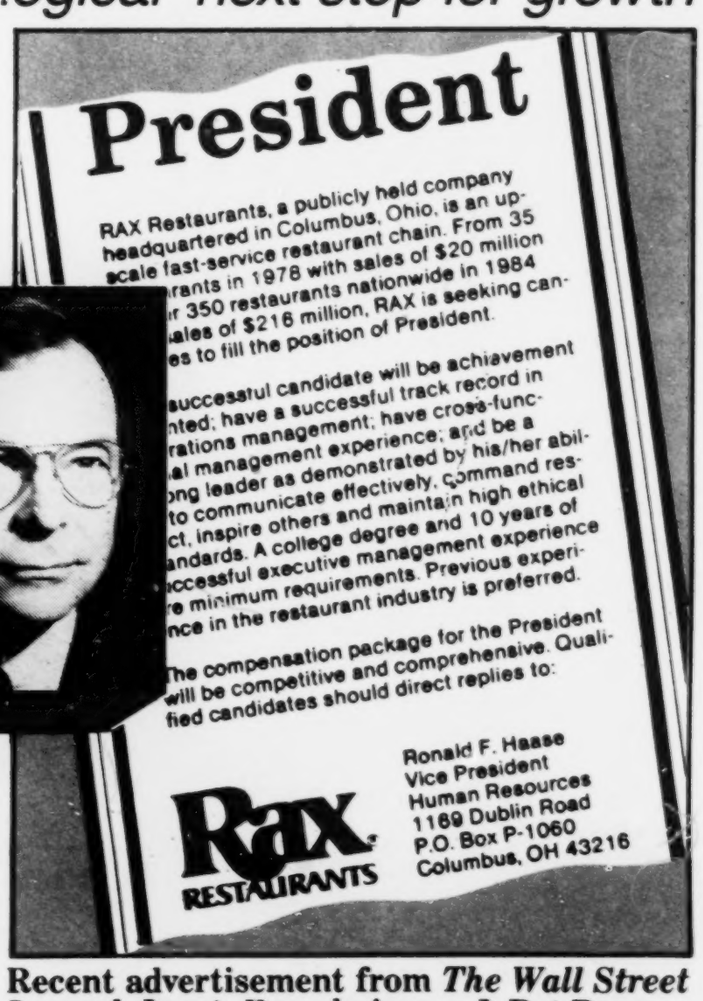
J. Pat Ross, who holds the titles of chairman, chief executive officer and president, said in an interview that that move was the "logical" next step in the 7-year-old chain's growth plans.

There are 388 restaurants in the Rax system, of which the company owns 138. The chain added 102 units last year and expects to add 140 more—30 of them company-owned—by the end of 1985.

With the dramatic growth of Rax, Ross said, "the time has come for us to have a full-time president . . . who will be the company's chief operating officer."

Ross, the founder of Rax, said that he wants to concentrate on long-term strategic planning rather than day-to-day operations. One of the company's chief goals, he said, is to have 1,000 units nationwide within five years.

*(See **RAX**, page 38)*


President
RAX Restaurants, a publicly held company headquartered in Columbus, Ohio, is an upscale fast-service restaurant chain. From 35 rants in 1978 with sales of $20 million r 350 restaurants nationwide in 1984 ales of $216 million, RAX is seeking can- es to fill the position of President.
successful candidate will be achievement nted; have a successful track record in rations management; have cross-functal management experience; and be a ng leader as demonstrated by his/her abilto communicate effectively, command respct, inspire others and maintain high ethical andards. A college degree and 10 years of ccessful executive management experience e minimum requirements. Previous experince in the restaurant industry is preferred.
The compensation package for the President will be competitive and comprehensive. Qualified candidates should direct replies to:
Ronald F. Haase
Vice President
Human Resources
1169 Dublin Road
P.O. Box P-1060
Columbus, OH 43216
Rax
RESTAURANTS

Recent advertisement from *The Wall Street Journal*. Inset: Rax chairman J. Pat Ross

Cash-short Peoples shutters half its stores

By Don Jeffrey

RICHARDSON, Tex. — Seriously damaged during its rapid change from a franchise company into an operating company, Peoples Restaurants has attempted to repair itself by closing half of all its units in the past three months.

Since the annual meeting in October, this Texas-based family-restaurant chain has shed its unprofitable stores, leaving it with just 26 units, only two of which are franchised.

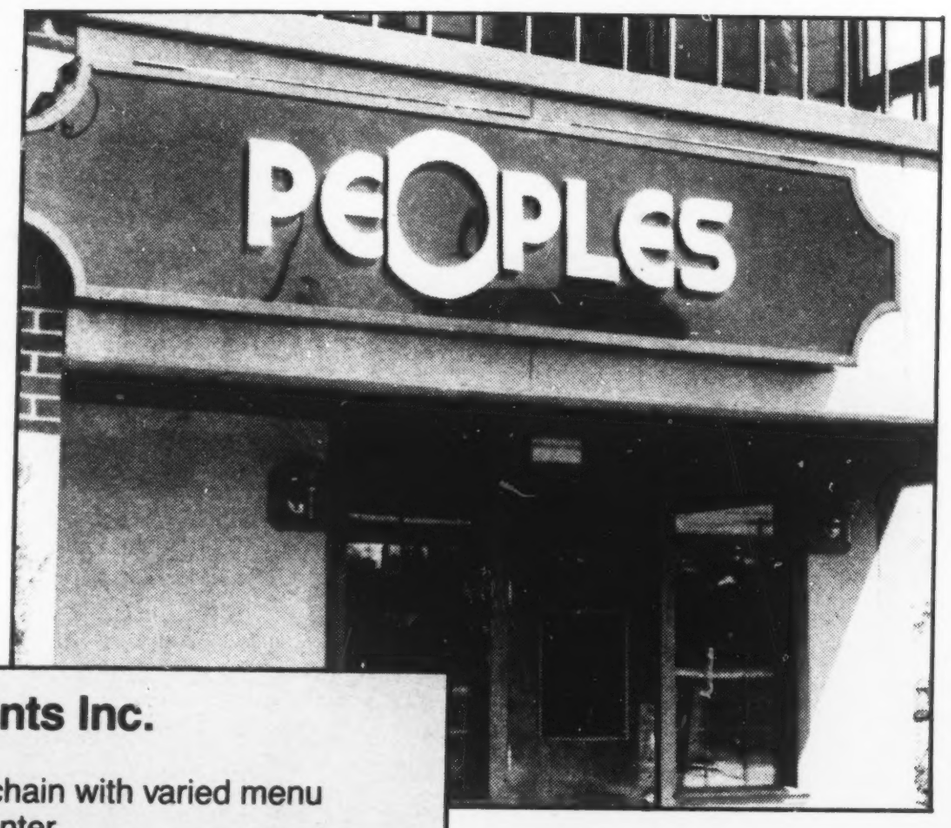
But important challenges continue to test Peoples' 38-year-old chairman, president and chief executive officer, Thomas Heironimus, a former franchisee who took over last May in an attempt to rescue the failing chain. These challenges and problems include soft sales during the winter season, declining average unit volumes, alienated customers and a cash shortage.

Just months before Heironimus took charge, the chain suffered a severe decline in customer counts when its previous management, attempting to cut labor and food costs, drastically simplified the menu. According to an analyst, that "alienated the customers."

Peoples has restored former menu items like the crab melt and steak soup and has brought its popular salad buffet back to its original strength of 60 to 70 selections. About 60% of Peoples' customers buy the $4.25 buffet, which includes salads, baked goods, desserts, soups and cheeses. An average customer check, including drinks, is $7.

Because of soft winter sales and the huge expenses associated with the store closings, Peoples has not begun to turn around yet. But Heironimus said he hoped to "get rid of unused properties" and see positive results this spring. Each of the 26 units now open shows an operating profit on an annualized basis, he said.

Analysts believe the chain has a fine chance of survival now that poorly performing units have been closed.



Peoples has closed 24 unprofitable, far-flung units.

Peoples Restaurants Inc.
Richardson, Tex.
26-unit family-restaurant chain with varied menu
Stock traded over-the-counter
Revenue for year ended July 1, 1984: $32.7 million
Net loss for year ended July 1, 1984: $23.7 million
Range in stock price: 37.5¢ a share (current);
$8.25 a share (1984 high)

For the fiscal year ended July 1, Peoples reported a staggering loss of $23.7 million, compared to a net profit in 1983 of $1.87 million. Average unit sales, once higher than $1.3 million a year, are now at $950,000.

Since reporting the loss, the chain has undertaken a series of dramatic moves, beginning with the spin-off of its profitable subsidiary, Michaels, a chain of arts-and-crafts specialty shops. Sources said the previous management focused too much on Michaels and not enough on Peoples.

The company used $4 million from the spin-off to pay Peoples' debts. It has since borrowed $1.3 million from banks for working capital—not a large sum for the restoration of 26 restaurants. The sale of the unused properties would give the chain some much-needed cash.

Heironimus declined to say what other options Peoples was considering, but he did not rule out possible evolution into some new concept. He said he was personally opposed to filing for protection under Chapter 11.

Analysts and executives agree that quick growth took its toll on Peoples. One analyst said that many of the franchisees were not experienced restaurant people and could not make the units profitable. In August 1983 there were 38 franchised and 12 company-owned units. The company then began to buy out its franchisees, increasing its company-owned stores rapidly and putting an enormous strain on operations.

"The concept was so grossly managed, it was just an absolute mess," Heironimus said. "We've got a lot to do."

Without the operational capabilities to run the new company-owned units, costs mushroomed and margins dwindled, leading to serious miscalculations like the streamlining of the menu.

The restaurants—half of which are freestanding, half in-line—are large (6,000 to 8,000 sq. ft.), containing about 200 seats and fully equipped kitchens. Analysts think that their good locations and their sizable kitchens make the units excellent opportunities for purchase, conversion or success on their own terms.

The closed units were in markets too far from company headquarters for adequate and economical supervision. Once spread over 16 states from Florida to Michigan to California, Peoples units are now found in only six states: Texas, Oklahoma, Florida, Indiana, Missouri and Kansas. There is no plan to raise the number of company-owned or franchised stores this year. "We no longer consider ourselves in the franchise business," Heironimus declared.

He formerly owned Fortune Foods, whose nine franchised units are now company-operated. Last May he replaced Donald Thomson as chairman and John Boylan as president.

Weiss steps down as Fresher Cooker president, ceo

By Paul Frumkin

LOUISVILLE, Ky. — Mark S. Weiss has resigned as president and chief executive officer of Fresher Cooker Inc. because of a heart condition.

He has been replaced by Frank Dwyer, formerly president and chief executive officer of Los Angeles-based Acapulco Restaurants, a $40 million Mexican dinnerhouse chain.

Although the 40-year-old Weiss will remain as chairman of the company, he will not be taking an active roll in its daily operations, according to senior vice president Brian Guilliom.

The Fresher Cooker is a fast-food chain that features freshly made, nonfried, lighter foods items. The menu includes 10 sandwiches such as ham, turkey, chunky chicken and hotdogs; two pasta dishes; a number of fresh vegetable side orders, and seven varieties of baked potatoes with toppings including beef Stroganoff and nacho cheese.

Lunch accounts for approximately 60% of sales, and the average check is $3.

The chain had a net loss of $511,511 in the third quarter ended Sept. 2, compared with a $176,659 deficit for the same period last year. Revenue rose 61% to $1.04 million during the same period.

Net loss for the year-to-date totaled $1.1 million, compared with last year's loss of $323,828. Revenue was up 43%, to $2.5 million.

The company said that the losses were attributable to start-up expenses.

COMMODITIES

Watch January for price changes

NRN **Special Report**

If you seemed to sense that prices in general changed little during the holiday season, you were right. Activity generally slows down around the end of the year, except for produce. Highly perishable produce, such as lettuce, generally becomes volatile as demand rises and falls around Christmas and New Year's Day.

Although many manufacturers and processors time price changes to hit at the start of a new year, this year most of the significant changes were in retail packs, with food-service rises expected later in the winter. Some of the retail pack changes were in canned spinach from the Ozarks and frozen strawberries. Dried lentils moved up at the end of the year.

Price declines were posted about this time by California tomato products, which were lowered in last year's fourth quarter, but have been trading under list prices in many cases, and by canned imported hams, which are in heavy supply at this time. Frozen raspberries have also moved lower, dropping below 60¢ a pound, f.o.b., Northwest, from around 70¢ at the beginning of fall.

Red meat prices, although slightly above levels a year ago, have remained fairly steady despite reduced demand. Consumer resistance to increased prices, combined with a better supply than expected, has kept prices in a narrow range for the last few months. The unexpected factor was the continued thinning of herds, even after the worst effects of the drought in the principal producing areas abated.

Increased feedlot placement of heifers—also a measurement of herd reduction—has kept the price of Choice and Prime grades under restraint. If and when producers decide to increase herds, heifers will be kept for breeding, thereby cutting feedlot output to steers alone.

Pork production continues at normal levels. Prices to producers for hogs have dipped below 84's prices, and this may induce farmers to restrict production, although margins are still better than they were in mid-1984 because of low feed prices.

Poultry production continues at a high rate, with broilers showing the effects of impro ed supplies by dropping to lower prices.

The catch of king crabs has been poor this year, and prices have remained at high levels, depressing demand by operators. Many have completely dropped the item from menus. Overfishing in the Alaskan/Siberian grounds has depleted stocks to the point where some marine economists estimate that rebuilding—even with strict management programs—will take from five to eight years. And strict management programs are almost impossible in the waters where Japan, the Soviet Union and the United States compete with one another.

PRICE MOVEMENT AT A GLANCE

	Jan. 2, 1985	Dec. 3, 1984	Jan. 2, 1984
Beans, dry pinto, Colorado (cwt)	$23	$18	$19-$20
Beef, Choice, 700-900 lb., Midwest (lb.)	$1.04	$0.98	$1.01
Broilers, Grade A dressed, icepack, N.Y.C. (lb.)	$0.6308	$0.4857	$0.5497
Butter, Grade AA, Midwest (lb.)	$1.41	$1.5975	$1.41
Corn, Fancy canned whole kernel, Midwest (6/10)	$11.50-$12	$9.50	$9.25-$9.50
Eggs, Grade A, large white, Chicago (doz.)	$1.10	$0.69-$0.71	$0.51-$0.53
Lard, refined, Midwest (lb.)	$0.26	$0.295	$0.26
Lettuce, iceberg, No. 1, Calif. (24s)	$7-$8	$3-$3.50	$6-$8
Pepper, black, N.Y.C. port (lb.)	$1.07	$1	$1.04
Pork loins, No. 1, 14-17 lb., Midwest (lb.)	$1.11	$0.86	$1.04

Source: NRN *Research*

INSIDE WASHINGTON

Consumer group urges ban on 3 food dyes

By Judith Packer
Washington Bureau

WASHINGTON — Consumer activists have petitioned the Food and Drug Administration (F.D.A.) to ban three unnecessary and carcinogenic food dyes used cosmetically in restaurant foods and tavern drinks.

If the F.D.A. acts on the petition submitted by the Washington-based Public Citizen Health Research Group (HRG), founded by Ralph Nader, icings and sauces will become pallid, chocolate confections will lose their reddish casts and light yellowish maraschino cherries will garnish food and drinks.

'If the F.D.A. acts on the HRG petition, icings and sauces will become pallid, chocolate confections will lose their reddish casts and light yellowish maraschino cherries will garnish food and drinks.'

In a letter sent to F.D.A. Commissioner Dr. Frank D. Young, HRG director Dr. Sidney M. Wolfe urged a ban of 10 widely used food, drug or cosmetic dyes, including three food dyes.

Wolfe expressed concern that none of the 10 chemical coloring agents have ever been found safe by the F.D.A. for all uses, but all have remained on the market pending resolution of their status.

Although Federal law permits a dye to be marketed for 2½ years or more pending completion of scientific studies to prove safety, these 10 dyes "have been on the provisional list for more than 20 years because the F.D.A. has repeatedly extended their provisional status," Wolfe noted.

In fact, 3.4 million lb. of the food dyes—Red 3, Yellow 5 and Yellow 6—were certified by the F.D.A. in 1984 after the color additives were found to be carcinogenic, Wolfe said.

Seventeen of the original 24 food dyes once allowed in the American food supply have been banned or delisted or are no longer produced, Wolfe said.

A breakdown of the seven remaining food dyes revealed that the three listed on the HRG petition accounted for 53% of all food dyes certified last year, Wolfe added. He also charged that "serious safety questions" on the four other dyes remain, and one dye is currently the subject of an F.D.A. administrative hearing.

Despite the dwindling number of food colors permitted by the F.D.A., the HRG director said, "There has been a 50% increase in the total use of food dyes in the past 10 years."

Wolfe concluded that, of all the toxic dyes, food colors present the most serious problems because much greater quantities of these dyes are produced and ingested and because children are the principal "targets and victims of food dyes."

SEVEN REMAINING FOOD DYES IN THE UNITED STATES

Dye	Main Uses	Lb. Certified in 1984	Toxicity Findings (Comments)
Red 3*	Candy Desserts Baked Goods	241,265	Thyroid tumors, chromosomal damage (F.D.A. recommended ban)
Red 40	Beverages Candy Desserts Pet Food	2,630,578	Early lymphomas (Banned by European Economic Community)
Blue 1	Beverages Candy Baked Goods	260,417	Chromosomal damage (Banned in France, Finland)
Blue 2	Pet Food Candy Beverages	101,223	Brain tumors (Banned in Norway; pending F.D.A. hearing)
Green 3	Beverages Candy	3,597	Bladder tumors (Banned by European Economic Community)
Yellow 5*	Pet Food Beverages Baked Goods	1,620,540	Allergies, thyroid tumors, lymphocytic lymphomas, chromosomal damage (Banned in Norway)
Yellow 6*	Beverages Candy Desserts Sausage	1,535,050	Allergies, kidney tumors, chromosomal damage (Banned in Norway, Sweden)

Source: Public Citizen Health Research Group
*Food dye found in HRG petition

Many other nations appear to share the HRG's misgivings. Even though food dyes are used mainly in desserts, soft drinks, baked goods and sausage in the United States, the HRG's data noted that the same dyes have been banned in many foreign countries.

Wolfe said it is likely that in a very short time there will be few, if any, certified petroleum-derived food dyes left. Such products as Dannon Yogurt "have shown, by their extraordinary success, that we can all do very well without these dyes," he asserted.

Wolfe added that "lots of restaurants don't use these food dyes now, and they're probably among some of the better restaurants."

Dr. Harry Mussman, executive vice president of the National Food Processors' Association (NFPA), disagreed. The absence of Red 3 dye, which is primarily used in the food industry, will "have an impact on the food industry and an indirect impact on the restaurant trade, which is a leading market for maraschino cherries," Mussman observed.

According to the HRG petition, in October 1983 the National Toxicology Program found that there was convincing evidence of cancer-causing properties for FD&C Red 3 in male rats.

Wolfe said that the F.D.A.'s subsequent inaction was attributable to a letter sent last May by several members of Congress to Secretary of Health and Human Services Margaret M. Heckler, "attempting to prevent FD&C Red 3 from being banned."

Mussman explained that the legislators were simply asking Heckler to delay a decision on the food dye until all the data became available.

Early in December the NFPA and two other trade associations submitted data to the F.D.A. that showed that Red 3 was "safe for its intended purposes as a food coloring," Mussman said. He noted that the F.D.A. is expected to make a decision on the food dye sometime early this year.

But the consumer activists are growing more impatient with what they see as bureaucratic delay. Noting that the HRG will be "forced to initiate legal action" if the F.D.A. does not act promptly on the petition, Wolfe said that, by failing to ban these dyes immediately, the Reagan Administration "is making a mockery out of its alleged cancer reduction goals and is completely demoralizing dozens of F.D.A. employees who know these dyes are too dangerous for continued use."

DATELINE D.C.

Food-service victories outnumbered defeats in '84

By Ken Rankin
Washington Editor

Food-service industry pessimists will remember 1984 as the year when Congress set a de facto national drinking age of 21, raised excise taxes on distilled spirits and required restaurateurs to pay unemployment insurance costs on the tips received by their employees.

But any reasonable appraisal of how food service fared in Washington during the past year would have to conclude that the industry's lobbyists posted more victories than they sustained defeats in 1984.

Although Congress did pass immigration "reform" legislation last year, the nation's restaurateurs escaped 1984 without an Orwellian scenario: No criminal penalties were established for employers of aliens present in this country illegally.

And after years of persistent prodding by the National Restaurant Association (NRA), Congress finally approved key amendments to the Federal food safety laws exempting restaurant central kitchens from the Agriculture Department's cumbersome inspection requirements.

Food-service chain lobbyists helped to beat back another drive to enact anticompetitive "Beer Bill" legislation, which would have allowed brewers to force restaurants and taverns to purchase from only one designated malt beverage distributor.

Also, Congress preserved the Targeted Jobs Tax Credit (T.J.T.C.) program, shot down efforts by organized labor to raise the minimum wage by 85¢ an hour and even approved some lesser "reforms" in the unwieldy tip-reporting law.

The industry also scored several precedent-setting courtroom triumphs over heavy-handed bureaucratic regulators during the year.

In one case (*Donovan* v. *Petrancosta*), the Labor Department for the first time was directed to pay attorney fees incurred by a restaurateur to fight unsubstantiated wage-and-hour charges.

The NRA—which had intervened in that case on behalf of the defendant, a Pennsylvania food-service operator—called the decision "a substantial win for our industry" because it served notice on Labor Department officials that food-service leaders "will not stand idly when Labor's enforcement process becomes callous and unjust."

Late last year the NRA scored a potentially even more important coup by convincing those same Labor Department policy makers that they should modify their controversial position on employee meal credits.

Under the Fair Labor Standards Act restaurateurs are allowed to deduct meal credits from employees' pay. Although the law does not require workers to consent to these deductions, Labor Department enforcers adopted the policy that participation in such meal programs must be voluntary.

Despite a series of court rulings overturning the Federal Government's position, department officials continued routinely to disallow meal credits unless the restaurant's employees were given a choice between cash and food.

During recent negotiations with Wage and Hour Administrator William Otter, however, the NRA persuaded the agency to drop its controversial voluntary participation requirement.

* * *

Were these 1984 lobbying accomplishments permanent victories for the restaurant industry, or only temporary advances?

Unfortunately, the NRA and other food-service groups will be forced to fight many of the same battles again this year.

Immigration "reform," complete with provisions for sanctions against employers of illegal aliens, will almost certainly resurface in 1985—this time with President Reagan's stamp of approval.

Supporters of a minimum wage increase are also likely to make another push for hikes in the nation's hourly pay floor this year, and the "Beer Bill" may return to haunt the industry.

Despite the lawmakers' decision to extend T.J.T.C. through the end of this year, the Administration is already proposing to eliminate Targeted Jobs wage subsidies, and there's no solution in sight for the restaurant industry's tip-reporting law "allocation" problems.

Even the Labor Department's decision to correct its enforcement posture toward meal credits may present some new hurdles for food-service operators this year.

Otter agreed to issue a formal opinion letter discarding the agency's controversial "voluntary participation" requirement, but he told restaurant industry leaders that Wage and Hour agents will be directed to tighten up in other areas of their meal credit enforcement.